

**PERIOD FOUR IMPLEMENTATION GRANT REPORT**

**Period from April 1, 2000 to September 30, 2000**

**To the United States Agency for  
International Development**

**In fulfillment of the 1998-2001  
AID/OPPORTUNITY International Grant  
PCE-A-00-98-00026-00**

**Submitted by Opportunity International  
January 2000**

## NICARAGUA-ASODENIC

### *Simplified Activity and Financial Statement*

	EOY Targets 9/30/00 USD	EOY Actuals 9/30/00 USD
<b>ACTIVITIES</b>		
1. Amount of Loans Outstanding, Start of Year	1,383,443	1,831,329
2. Amount of Loans Outstanding, End of Year	1,831,329	2,070,168
3. Average Amount of Loans Outstanding	1,607,386	1,982,969
4. Number of Loans Outstanding, End of Year	11,490	13,749
5. Average Loan Size (Outstanding Balance)	159	150
6. Delinquency Rate (Portfolio at Risk)	3%	11.66%
7. Long Run Loss Rate (Provision)	1.9%	0.83%
<b>INTEREST RATES</b>		
8. Nominal Interest Rate Charged	58%	58%
9. Local Inter-Bank Interest Rate	14%	14%
10. Inflation Rate	12%	8%
<b>CLIENT REVENUES</b>		
11. Interest Income From Clients	882,097	589,303
12. Fee Income From Clients	117,079	72,835
13. Total Client Revenues	999,175	662,138
<b>NON-FINANCIAL EXPENSES</b>		
14. Administration, Including Salaries	957,406	369,887
15. Depreciation of Fixed Assets	25,707	65,442
16. Loan Loss Provision	30,575	89,753
17. Total Non-Financial Expenses	1,013,689	525,082
<b>ADJUSTED FINANCIAL EXPENSES</b>		
18. Adjusted Financial Expenses	225,034	277,616
<b>TOTALS</b>		
19. Total Expenses	1,238,723	525,082
20. Return on Operations	81%	126%
<b>OTHER</b>		
21. Total Number of Savers (if any)	0	0
22. Total Savings Outstanding (if any)	0	0
23. Percent Women Borrowers (end of year)	85%	92%
24. Number clients per loan officer (end of year)	222	137
25. Number of loans outstanding with initial loan balance under US\$300	10,397	3,450

***Key Program Indicators***

	<b>EOY Targets</b>	<b>EOY Actuals</b>
Number of Loans Outstanding, EOY	11,490	13,749
Amount of Loans Outstanding, EOY	1,831,329	2,070,168
Delinquency Rate (>30 days)	3%	11.66%
Long Run Loss Rate (Provision)	1.9%	0.83%
Return on Operations Portfolio	81%	126%
Percentage of Loans to Women	85%	92%

***Balance Sheet as of September 30, 2,000***

<b>ASSETS</b>	<b>Nicaraguan Cordobas</b>
1. Current Assets	30,932,694
2. Fixed Assets	3,608,511
3. Deferred Assets	596,691
4. Other Assets	1,245,291
<b>TOTAL ASSETS</b>	<b>36,383,187</b>
<b>LIABILITIES</b>	<b>19,527,055</b>
<b>EQUITY</b>	<b>16,856,131</b>
<b>AMOUNT OF LOANS MADE</b>	<b>3,818,292</b>
<b>TOTAL VALUE OF LOANS MADE</b>	<b>17,240,721</b>
<b>VALUE OF TOTAL EXISTING SAVINGS</b>	<b>2,518,020</b>
<b>NUMBER OF STAFF (only those involved with savings and credit activities)</b>	<b>117</b>

Exchange Rate - US\$ 1 = 12.867

**September 30, 2000**

	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	120+ Days	Tot Overd	All Loans
Aging Analysis - Individual Loans								
Value of Loans, Outstanding Balance	785,542	48,472	22,889	13,925	10,108	49,727	145,120	930,662
Percent	84.41	5.21	2.46	1.50	1.09	5.34	15.59	
Aging Analysis - Trust Banks								
Value of Loans, Outstanding Balance	593,625	35,912	3,555	5,461	2,195	6,422	53,544	647,169
Percent	91.72	5.55	0.55	0.84	0.34	0.99	8.28	
Aging Analysis - Other Loans								
Value of Loans, Outstanding Balance	449,745	16,711	3,381	3,503	2,828	16,169	42,592	492,337
Percent	91.35	3.39	0.69	0.71	0.57	3.28	8.65	

**ATTACHMENT 1B**

**TABLE 1-part 2**

<b>INSTITUTION: Aging of Portfolio Report</b> <b>USD (\$)</b> <b>Period Sept 30, 2000</b>			
	<b># of Loans</b>	<b>Outstanding Balance</b>	<b>Percent</b>
Current Loans	1,810	1,828,912	88.35%
1-30 days past due	750	101,095	4.88%
31-60 days past due	205	29,825	1.44%
61-90 days past due	103	22,889	1.11%
91-120 days past due	83	15,131	0.73%
Over 120 days past due	374	72,316	3.49%
<b>TOTALS</b>	<b>3,325</b>	<b>2,070,168</b>	<b>100.00%</b>

Note: Current number of Active Clients is 13,749. One Trust Bank Represents a credit and the Trust Bank is made if 20 clients; one Solidarity Group is made of 4 clients; and one Individual loan is one client.

**Portfolio and Outreach**

Number of loans outstanding at the beginning of the reporting period	11,493
Number of loans outstanding at the end of the reporting period	13,749
Amount of loans outstanding at the beginning of the reporting period	1,895,770
Amount of loans outstanding at the end of the reporting period	2 070,168
Number of loans disbursed during reporting period	4,465
Amount of loans disbursed during reporting period	3,570,730
Number and amount of small saver deposit accounts at beginning and end of reporting period. Show compulsory and voluntary savings separately.	N/A
Arrears (on a loans outstanding basis). Unpaid balance of loans with payments overdue more than 30 days. There should also be an aging of arrears report, covering, for example 60 and 90 days and one year.	6.77%

**Interest Rate Policy**

Effective annual interest rate paid by clients (incorporating all required fees, and calculated on a declining balance basis) both nominal and real	67%
Effective interest rate paid to savers	N/A
Local annualized interbank lending rate and 90-day CD rate	14%
Local annual inflation rate (give source)	8%

**Income**

Interest and fee income from loans (excluding accrued uncollected interest on non-performing loans)	662,138
Income from investments	N/A
Other operating income from financial services	N/A

**Expenses**

Staff expenses (salaries and benefits) <sup>1</sup>	283,544
Other administrative expenses (includes depreciation)	241,538
Loan losses. All loans over one year in arrears should be written off, as far as local rules permit. Institutions should describe their criteria in recording loan losses.	89,753
Interest and fee expenses (itemized by source of funds)	N/A
NET OPERATING PROFIT	137.056
Non-operating income	N/A

<sup>1</sup> Staff and administrative expenses should be those that relate to the provision of financial services. If an institution has significant non-financial activities, it should account for those costs separately, including the proportion of overhead expenses needed to support those activities. Costs paid directly by donors, such as expatriate salaries, should be included.

Non-operating expenses	N/A
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Donations	43,160
For operating expenses	8,000
Capital contribution (identify purpose, e.g., loan fund, equity, fixed assets)	137,056

### **Assets**

Cash on hand and in banks	303,413
Mandatory reserves	89,753
Short term investments	76,913
Loans outstanding (must match loans outstanding above)	2,070,168
Less: Loan loss provisions	89,753
Net portfolio outstanding	1,980,415
Long term investments	N/A
Fixed assets (after depreciation)	280,447
Other assets	186,493
<b>TOTAL ASSETS</b>	<b>2,827,682</b>

### **Liabilities**

Savings and time deposits from target group clients (must match indicator 3, above)	N/A
Other deposits	N/A
Loans from central bank	N/A
Loans from other banks	N/A
Other short term liabilities	203,747
Other long term liabilities	1,313,860

### **Equity**

Paid in equity (shareholders)	N/A
Donated equity	N/A
Retained earnings	N/A
Other capital accounts	1,310,074
Current year profit or loss	N/A
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,827,682</b>

## *Narrative*

### **Economic Environment of Nicaragua**

During the reporting period, Nicaragua's economic situation worsened. Nicaragua's recession has reduced commercial activity by 40% directly affecting ASODENIC's number of loans outstanding. This has provoked a decrease in lending activity, although loan recovery was at an average level which did not allow the portfolio to increase significantly. Never the less, the portfolio is still larger than the projections for this period.

The recession also affected ASODENIC's delinquency rate, which increased to 11.66%, but was brought under control in the month of October. The economy has also been affected by the political instability caused by municipal elections held on November 4, 2000 and the presidential election of next year.

Despite the above circumstances, ASODENIC managed to meet its client and portfolio goals.

### **Branch Offices**

In May ASODENIC opened an office in Granada which offers Trust Bank loans and Individual loans, and in June ASOCENIC opened a branch in Matagalpa and one in Jinotega. Both offer Trust Bank, Solidarity Group and Individual loans.

### **Conversion of ASODENIC into a Formal Financial Institution.**

The political, economic and legal conditions needed for a conversion into a Formal Financial Institution are currently not present in Nicaragua. The banking sector has shrunk with several banks going bankrupt over the past semester. As such, present conditions do not favor a conversion at this time.

### **Expenses**

As can be seen in the Simplified Activity and Financial Statement, depreciation is greater than projected due to an increase in fixed assets, namely the acquisition of a new building in Managua (donation) and another one (purchased) in the Carazo branch. In general, however, real expenses are below projections due to increased productivity of loan officers and an institution-wide cost consciousness.